

Senate File 587 - Introduced

SENATE FILE 587

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1253)

A BILL FOR

1 An Act relating to state and local government financing,
2 programs, and operations, by modifying provisions relating
3 to mental health and disability services funding, school
4 district funding, commercial and industrial property tax
5 replacement payments, and other specified tax provisions,
6 making appropriations, providing penalties, and including
7 effective date and applicability provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

MENTAL HEALTH FUNDING

Section 1. Section 123.38, subsection 2, paragraph b, Code 2021, is amended to read as follows:

b. For purposes of **this subsection**, any portion of license or permit fees used for the purposes authorized in section 331.424, subsection 1, paragraph "a", subparagraphs (1) and (2), ~~and in section 331.424A~~, shall not be deemed received either by the division or by a local authority.

Sec. 2. Section 218.99, Code 2021, is amended to read as follows:

218.99 Counties to be notified of patients' personal accounts.

The administrator in control of a state institution shall direct the business manager of each institution under the administrator's jurisdiction which is mentioned in section 331.424, subsection 1, paragraph "a", subparagraphs (1) and (2), and for which services are paid ~~under section 331.424A~~ by the county of residence or a mental health and disability services region, to quarterly inform the county of residence of any patient or resident who has an amount in excess of two hundred dollars on account in the patients' personal deposit fund and the amount on deposit. The administrators shall direct the business manager to further notify the county of residence at least fifteen days before the release of funds in excess of two hundred dollars or upon the death of the patient or resident. If the patient or resident has no residency in this state or the person's residency is unknown, notice shall be made to the director of human services and the administrator in control of the institution involved.

Sec. 3. Section 225.24, Code 2021, is amended to read as follows:

225.24 Collection of preliminary expense.

Unless a committed private patient or those legally responsible for the patient's support offer to settle the

1 amount of the claims, the regional administrator for the
 2 person's county of residence shall collect, by action if
 3 necessary, the amount of all claims for per diem and expenses
 4 that have been approved by the regional administrator for the
 5 county and paid by the regional administrator as provided under
 6 section 225.21. Any amount collected shall be credited to the
 7 ~~county~~ mental health and ~~disabilities~~ disability services fund
 8 region combined account created in accordance with section
 9 ~~331.424A~~ 331.391.

10 Sec. 4. Section 249N.8, subsection 1, Code 2021, is amended
 11 to read as follows:

12 1. Biennially, a report of the results of a review, by
 13 county and region, of mental health services previously funded
 14 through taxes levied by counties pursuant to [section 331.424A](#),
 15 Code 2021, or funds administered by a mental health and
 16 disability services region that are funded during the reporting
 17 period under the Iowa health and wellness plan.

18 Sec. 5. Section 331.389, subsection 1, paragraph b, Code
 19 2021, is amended to read as follows:

20 b. If a county has been exempted prior to July 1, 2014, from
 21 the requirement to enter into a regional service system, the
 22 county and the county's board of supervisors shall fulfill all
 23 requirements and be eligible as a region under [this chapter](#) and
 24 [chapter chapters 222, 225, 225C](#), 226, 227, 229, and 230 for a
 25 regional service system, regional service system management
 26 plan, regional governing board, and regional administrator,
 27 and any other provisions applicable to a region of counties
 28 providing local mental health and disability services.
 29 Additionally, a county exempted under this subsection shall be
 30 considered a region for purposes of chapter 426B.

31 Sec. 6. Section 331.389, subsection 5, paragraph a,
 32 subparagraph (2), Code 2021, is amended to read as follows:

33 (2) Reduce the amount of the annual state funding provided
 34 for the regional service system or exempted county, including
 35 amounts received under section 426B.3 or from the risk pool

1 under section 426B.6, not to exceed fifteen percent of the
2 amount.

3 Sec. 7. Section 331.391, subsection 1, Code 2021, is amended
4 to read as follows:

5 1. The funding under the control of the governing board
6 shall be maintained in a combined account, ~~in separate county~~
7 ~~accounts that are under the control of the governing board, or~~
8 ~~pursuant to other arrangements authorized by law that limit the~~
9 ~~administrative burden of such control while facilitating public~~
10 ~~scrutiny of financial processes.~~ A county exempted under
11 section 331.389, subsection 1, shall maintain a county mental
12 health and disability services fund for the deposit of funding
13 received under section 426B.3 or from the risk pool under
14 section 426B.6 and appropriations specifically authorized to be
15 made from the county mental health and disability services fund
16 shall not be made from any other fund of the county. A county
17 mental health and disability services fund established by an
18 exempt county, to the extent feasible, shall be considered to
19 be the same as a region combined account and shall be subject
20 to the same requirements as a region's combined account.

21 Sec. 8. Section 331.391, subsection 4, paragraphs a and b,
22 Code 2021, are amended to read as follows:

23 a. If a region is meeting the financial obligations for
24 implementation of its regional service system management plan
25 for a fiscal year and residual funding is anticipated, the
26 regional administrator ~~shall~~ may reserve an adequate amount of
27 unobligated and unencumbered funds for cash flow of expenditure
28 obligations in the next fiscal year.

29 b. Each region shall certify to the department of ~~management~~
30 human services on or before December 1, ~~2022~~ 2021, and each
31 December 1 thereafter, the amount of the region's cash flow
32 amount in the combined account ~~that is attributable to each~~
33 ~~county within the region based upon each county's proportionate~~
34 ~~amount of funding and contributions to the region or other~~
35 ~~methodology specified in the regional governance agreement~~

1 ~~or certify the cash flow amount for each separate county~~
2 ~~account that is under the control of the governing board at the~~
3 ~~conclusion of the most recently completed fiscal year.~~

4 Sec. 9. Section 331.391, subsection 4, paragraph c, Code
5 2021, is amended by striking the paragraph.

6 Sec. 10. Section 331.392, subsection 4, paragraph a, Code
7 2021, is amended to read as follows:

8 a. Methods for pooling, management, and expenditure of the
9 funding under the control of the regional administrator. If
10 ~~the agreement does not provide for pooling of the participating~~
11 ~~county moneys in a single fund, the agreement shall specify how~~
12 ~~the participating county moneys will be subject to the control~~
13 ~~of the regional administrator.~~

14 Sec. 11. Section 331.393, subsection 10, Code 2021, is
15 amended to read as follows:

16 10. The director's approval of a regional plan shall not be
17 construed to constitute certification of the ~~respective county~~
18 ~~budgets or of the region's budget.~~

19 Sec. 12. Section 331.394, subsection 4, Code 2021, is
20 amended to read as follows:

21 4. ~~If a county of residence is part of a mental health and~~
22 ~~disability services region that has agreed to pool funding and~~
23 ~~liability for services, the~~ The responsibilities of the county
24 under law regarding such mental health and disability services
25 shall be performed on behalf of the county by the regional
26 administrator. ~~The county of residence or the county's mental~~
27 ~~health and disability services region, as applicable, is~~
28 responsible for paying the public costs of the mental health
29 and disability services that are not covered by the medical
30 assistance program under chapter 249A and are provided in
31 accordance with the region's approved service management plan
32 to persons who are residents of the ~~county or region.~~

33 Sec. 13. Section 331.424A, subsection 1, paragraph b, Code
34 2021, is amended by striking the paragraph.

35 Sec. 14. Section 331.424A, subsection 3, Code 2021, is

1 amended to read as follows:

2 3. a. County revenues from taxes and other sources
 3 designated by a county for mental health and disabilities
 4 services shall be credited to the county mental health and
 5 disabilities services fund which shall be created by the
 6 county. ~~The~~ Until the required transfer of funds under
 7 paragraph "b", the board shall make appropriations from the fund
 8 for payment of services provided under the regional service
 9 system management plan approved pursuant to [section 331.393](#).
 10 ~~The~~ For fiscal years beginning before July 1, 2022, the county
 11 may pay for the services in cooperation with other counties
 12 by pooling appropriations from the county services fund with
 13 appropriations from the county services fund of other counties
 14 through the county's regional administrator, or through another
 15 arrangement specified in the regional governance agreement
 16 entered into by the county under [section 331.392](#).

17 b. Notwithstanding section 331.432, subsection 3, upon
 18 conclusion of the fiscal year beginning July 1, 2021, except
 19 for an exempt county under section 331.391, subsection 1,
 20 the county treasurer shall transfer the remaining balance of
 21 the county's county services fund created under paragraph
 22 "a", including all unobligated and unencumbered funds, to the
 23 county's region to which the county belongs in the fiscal year
 24 beginning July 1, 2022, for deposit in the region's combined
 25 account under section 331.391.

26 Sec. 15. Section 331.424A, subsection 4, paragraph a, Code
 27 2021, is amended to read as follows:

28 a. An amount of unobligated and unencumbered funds, as
 29 specified in the regional governance agreement entered into
 30 by the county under [section 331.392](#), shall, for fiscal years
 31 beginning before July 1, 2022, be reserved in the county
 32 services fund to address cash flow obligations in the next
 33 fiscal year, ~~subject to the limitations of [this subsection](#).~~

34 Sec. 16. Section 331.424A, subsection 4, paragraphs c and d,
 35 Code 2021, are amended by striking the paragraphs.

1 Sec. 17. Section 331.424A, subsections 5, 6, and 9, Code
2 2021, are amended to read as follows:

3 5. Receipts from the state or federal government for fiscal
4 years beginning before July 1, 2022, for the mental health
5 and disability services administered or paid for by a county
6 shall be credited to the county services fund, including moneys
7 distributed to the county from the department of human services
8 and moneys allocated under [chapter 426B](#).

9 6. For each fiscal year beginning before July 1, 2022, the
10 county shall certify a levy for payment of services. For each
11 such fiscal year, county revenues from taxes imposed by the
12 county credited to the county services fund shall not exceed an
13 amount equal to the county budgeted amount for the fiscal year.
14 A levy certified under [this section](#) is not subject to the
15 appeal provisions of [section 331.426](#) or to any other provision
16 in law authorizing a county to exceed, increase, or appeal a
17 property tax levy limit.

18 9. *a.* For the fiscal year beginning July 1, 2017, and
19 each subsequent fiscal year beginning before July 1, 2022, the
20 county budgeted amount determined for each county shall be the
21 amount necessary to meet the county's financial obligations for
22 the payment of services provided under the regional service
23 system management plan approved pursuant to [section 331.393](#),
24 not to exceed an amount equal to the product of ~~the regional~~
25 ~~per capita expenditure target amount~~ twenty-one dollars and
26 fourteen cents multiplied by the county's population, ~~and, for~~
27 ~~fiscal years beginning on or after July 1, 2023, reduced by~~
28 ~~the amount of the county's cash flow reduction amount for the~~
29 ~~fiscal year calculated under~~ [subsection 4](#), if applicable.

30 *b.* If a county officially joins a different region, the
31 county's budgeted amount for a fiscal year beginning before
32 July 1, 2022, shall be the amount necessary to meet the
33 county's financial obligations for payment of services provided
34 under the new region's regional service system management plan
35 approved pursuant to [section 331.393](#), not to exceed an amount

1 equal to the product of ~~the new region's regional per capita~~
 2 ~~expenditure target amount~~ twenty-one dollars and fourteen cents
 3 multiplied by the county's population, ~~and, for fiscal years~~
 4 ~~beginning on or after July 1, 2023, reduced by the amount of~~
 5 ~~the county's cash flow reduction amount for the fiscal year~~
 6 ~~calculated under subsection 4, if applicable.~~

7 Sec. 18. Section 331.424A, Code 2021, is amended by adding
 8 the following new subsection:

9 NEW SUBSECTION. 10. This section is repealed July 1, 2022.

10 Sec. 19. Section 331.432, subsection 3, Code 2021, is
 11 amended by striking the subsection and inserting in lieu
 12 thereof the following:

13 3. Payments or transfers of moneys from any fund of the
 14 county to a mental health and disability services region's
 15 combined account under section 331.391 are prohibited.

16 Sec. 20. Section 347.7, subsection 1, paragraph c, Code
 17 2021, is amended by striking the paragraph.

18 Sec. 21. Section 426B.1, subsection 2, Code 2021, is amended
 19 to read as follows:

20 2. Moneys shall be distributed from the property tax relief
 21 fund to ~~counties~~ for the mental health and disability regional
 22 service system for mental health and disabilities services, in
 23 accordance with the appropriations made to the fund and other
 24 statutory requirements.

25 Sec. 22. Section 426B.2, Code 2021, is amended to read as
 26 follows:

27 **426B.2 Property tax relief fund payments.**

28 The director of human services shall draw warrants on the
 29 property tax relief fund, payable to the ~~county treasurer~~
 30 regional administrator in the amount due to a ~~county mental~~
 31 health and disability services region in accordance with
 32 statutory requirements, and mail the warrants to the ~~county~~
 33 ~~auditors~~ regional administrator in July and January of each
 34 year.

35 Sec. 23. NEW SECTION. **426B.3 Mental health and disability**

1 **services regional supplement fund.**

2 1. A mental health and disability services regional
3 supplement fund is created in the office of the treasurer of
4 state under the authority of the department of human services.
5 The fund shall be separate from the general fund of the state
6 and the balance in the fund shall not be considered part of
7 the balance of the general fund of the state. Moneys in the
8 fund include appropriations made to the fund and other moneys
9 deposited into the fund. Moneys in the fund shall be used
10 solely for purposes of making regional supplement payments
11 under this section.

12 2. For each fiscal year beginning on or after July 1, 2021,
13 there is appropriated from the general fund of the state to the
14 mental health and disability services regional supplement fund
15 an amount necessary to make all regional supplement payments
16 under this section for that fiscal year.

17 3. For each fiscal year beginning on or after July 1, 2021,
18 the moneys available in a fiscal year in the mental health and
19 disability services state supplement fund are appropriated to
20 the department of human services and shall be distributed to
21 each mental health and disability services region, as defined
22 in section 426B.6, on a per capita basis calculated under
23 subsection 4 using each region's population, as defined in
24 section 426B.6, for that fiscal year.

25 4. The amount of each region's regional supplement payment
26 shall be determined as follows:

27 a. For the fiscal year beginning July 1, 2021, an amount
28 equal to the product of fifteen dollars and eighty-six cents
29 multiplied by the sum of the region's population for the fiscal
30 year.

31 b. For the fiscal year beginning July 1, 2022, an amount
32 equal to the product of thirty-eight dollars multiplied by the
33 sum of the region's population for the fiscal year.

34 c. For the fiscal year beginning July 1, 2023, an amount
35 equal to the product of forty dollars multiplied by the sum of

1 the region's population for the fiscal year.

2 *d.* For the fiscal year beginning July 1, 2024, an amount
3 equal to the product of forty-two dollars multiplied by the sum
4 of the region's population for the fiscal year.

5 *e.* (1) For the fiscal year beginning July 1, 2025, and each
6 succeeding fiscal year, an amount equal to the product of the
7 sum of the region's population for the fiscal year multiplied
8 by the sum of the dollar amount used to calculate the regional
9 supplement payments under this subsection for the immediately
10 preceding fiscal year plus the regional supplement growth
11 factor for the fiscal year.

12 (2) For purposes of this paragraph, "*regional supplement*
13 *growth factor*" for a fiscal year is an amount equal to the
14 product of the dollar amount used to calculate the regional
15 supplement payments under this subsection for the immediately
16 preceding fiscal year multiplied by the percent increase, if
17 any, in the amount of sales tax revenue deposited into the
18 general fund of the state under section 423.2A, subsection
19 1, paragraph "a", less the transfers required under section
20 423.2A, subsection 2, between the fiscal year beginning three
21 years prior to the applicable fiscal year and the fiscal year
22 beginning two years prior to the applicable year, but not to
23 exceed one and one-half percent.

24 5. Regional supplement payments received by a region
25 shall be deposited in the region's combined account under
26 section 331.391 and used solely for providing mental health
27 and disability services under the regional service system
28 management plan.

29 6. Regional supplement payments from the mental health
30 and disability services regional supplement fund shall be
31 paid in quarterly installments to the appropriate regional
32 administrator in July, October, January, and April of each
33 fiscal year.

34 7. *a.* For the fiscal year beginning July 1, 2021, each
35 mental health and disability services region for which the

1 amount certified during the fiscal year under section 331.391,
2 subsection 4, paragraph "b", exceeds forty percent of the
3 proposed gross expenditures of the region for the fiscal year,
4 the remaining quarterly payments of the region's regional
5 supplement payment shall be reduced by an amount equal to the
6 amount by which the region's amount certified under section
7 331.391, subsection 4, paragraph "b", exceeds forty percent of
8 the proposed gross expenditures of the region for the fiscal
9 year, but the amount of the reduction shall not exceed the
10 total amount of the region's regional supplement payment for
11 the fiscal year. If the region's remaining quarterly payments
12 are insufficient to effectuate the required reductions under
13 this paragraph, the region is required to pay to the department
14 of human services any amount for which the reduction in
15 quarterly payments could not be made. The amount of reductions
16 to quarterly payments and amounts paid to the department under
17 this paragraph shall be transferred and credited to the risk
18 pool under section 426B.6.

19 b. For the fiscal year beginning July 1, 2022, each mental
20 health and disability services region for which the amount
21 certified during the fiscal year under section 331.391,
22 subsection 4, paragraph "b", exceeds twenty percent of the
23 proposed gross expenditures of the region for the fiscal year,
24 the remaining quarterly payments of the region's regional
25 supplement payment shall be reduced by an amount equal to the
26 amount by which the region's amount certified under section
27 331.391, subsection 4, paragraph "b", exceeds twenty percent of
28 the proposed gross expenditures of the region for the fiscal
29 year, but the amount of the reduction shall not exceed the
30 total amount of the region's regional supplement payment for
31 the fiscal year. If the region's remaining quarterly payments
32 are insufficient to effectuate the required reductions under
33 this paragraph, the region is required to pay to the department
34 of human services any amount for which the reduction in
35 quarterly payments could not be made. The amount of reductions

1 to quarterly payments and amounts paid to the department under
 2 this paragraph shall be transferred and credited to the risk
 3 pool under section 426B.6.

4 *c.* For the fiscal year beginning July 1, 2023, and each
 5 succeeding fiscal year, each mental health and disability
 6 services region for which an amount greater than zero is
 7 certified during the fiscal year under section 331.391,
 8 subsection 4, paragraph "b", the remaining quarterly payments
 9 of the region's regional supplement payment shall be reduced by
 10 an amount equal to the amount certified under section 331.391,
 11 subsection 4, paragraph "b", but the amount of the reduction
 12 shall not exceed the total amount of the region's regional
 13 supplement payment for the fiscal year. If the region's
 14 remaining quarterly payments are insufficient to effectuate
 15 the required reductions under this paragraph, the region is
 16 required to pay to the department of human services any amount
 17 for which the reduction in quarterly payments could not be
 18 made. The amount of reductions to quarterly payments and
 19 amounts paid to the department under this paragraph shall be
 20 transferred and credited to the risk pool under section 426B.6.

21 Sec. 24. Section 426B.4, Code 2021, is amended to read as
 22 follows:

23 **426B.4 Rules.**

24 The mental health and disability services commission shall
 25 consult with ~~county representatives~~ regional administrators
 26 and the director of human services in prescribing forms and
 27 adopting rules pursuant to chapter 17A to administer this
 28 chapter.

29 Sec. 25. NEW SECTION. **426B.6 Risk pool.**

30 1. For the purposes of this chapter, unless the context
 31 otherwise requires:

32 *a.* "Mental health and disability services region" means
 33 a mental health and disability services region formed in
 34 accordance with section 331.389.

35 *b.* "Population" means, as of July 1 of the fiscal year

1 preceding the fiscal year in which the population figure is
2 applied, the county population shown by the latest preceding
3 certified federal census or the latest applicable population
4 estimate issued by the United States census bureau, whichever
5 is most recent.

6 *c. "Regional administrator"* means the regional administrator
7 of a mental health and disability services region, as defined
8 in section 331.388.

9 2. A risk pool is created in the property tax relief fund
10 under section 426B.1. The pool shall consist of the moneys
11 appropriated or credited to the pool by law, including amounts
12 credited to the risk pool under section 426B.3, subsection 7.
13 For fiscal years beginning on or after July 1, 2021, there is
14 appropriated from the general fund of the state to the risk
15 pool the following amounts to be used for the purposes of this
16 section:

17 *a.* For the fiscal year beginning July 1, 2021, nine million
18 nine hundred sixty thousand five hundred ninety dollars.

19 *b.* For the fiscal year beginning July 1, 2022, five million
20 one hundred seven thousand three hundred forty dollars.

21 *c.* (1) For each fiscal year beginning on or after July 1,
22 2025, an amount equal to the risk pool growth factor multiplied
23 by the ending balance of the risk pool at the conclusion of
24 the fiscal year ending June 30 immediately preceding the
25 application deadline under subsection 4 for the fiscal year for
26 which the appropriation is made.

27 (2) For purposes of this paragraph, the "*risk pool growth*
28 *factor*" for each fiscal year is the percent increase, if any, in
29 the amount of sales tax revenue deposited into the general fund
30 of the state under section 423.2A, subsection 1, paragraph "a",
31 less the transfers required under section 423.2A, subsection
32 2, between the fiscal year beginning three years prior to the
33 applicable fiscal year and the fiscal year beginning two years
34 prior to the applicable year, minus one and one-half percent,
35 and the risk pool growth factor for any fiscal year shall not

1 exceed three and one-half percent.

2 3. A risk pool board is created. The board shall consist of
3 two county supervisors, two county auditors, a member of the
4 mental health and disability services commission who is not a
5 member of a county board of supervisors, a member of the county
6 finance committee created in chapter 333A who is not an elected
7 official, a representative of a provider of mental health or
8 developmental disabilities services selected from nominees
9 submitted by the Iowa association of community providers,
10 and two staff members of regional administrators of county
11 mental health and disability services regions, all appointed
12 by the governor, and one member appointed by the director of
13 human services. All members appointed by the governor shall
14 be subject to confirmation by the senate. Members shall serve
15 for three-year terms. A vacancy shall be filled in the same
16 manner as the original appointment. Expenses and other costs
17 of the risk pool board members representing counties shall be
18 paid by the county of origin. Expenses and other costs of risk
19 pool board members who do not represent counties shall be paid
20 by the department of human services. Staff assistance to the
21 board shall be provided by the department of human services.
22 Actuarial expenses and other direct administrative costs shall
23 be charged to the pool.

24 4. To receive assistance from the risk pool, a regional
25 administrator must apply to the risk pool board on or before
26 October 31 preceding the fiscal year for which assistance is
27 requested. The purpose of the assistance shall be to provide
28 financial support for services provided by the regional
29 administrator's mental health and disability services region.
30 The risk pool board shall make its final decisions on or
31 before December 15 regarding acceptance or rejection of the
32 applications for assistance and the total amount accepted shall
33 be considered obligated.

34 5. Basic eligibility for risk pool assistance requires that
35 a mental health and disability services region meet all of the

1 following conditions:

2 *a.* The mental health and disability services region is in
3 compliance with the regional service system management plan
4 requirements of section 331.393.

5 *b.* (1) For applications for assistance for the fiscal year
6 beginning July 1, 2021, and the fiscal year beginning July 1,
7 2022, in the fiscal year that commenced two years prior to the
8 fiscal year of application for assistance, the ending balance,
9 under generally accepted accounting principles, of the mental
10 health and disability services region's combined services funds
11 was equal to or less than the ending balance threshold under
12 subparagraph (2) for the fiscal year for which assistance is
13 requested.

14 (2) For purposes of this paragraph "*b*", "*ending balance*
15 *threshold*" means the following:

16 (a) For applications for assistance for the fiscal year
17 beginning July 1, 2021, forty percent of the actual gross
18 expenditures of the mental health and disability services
19 region for the fiscal year that commenced two years prior to
20 the fiscal year of application for assistance.

21 (b) For applications for assistance for the fiscal year
22 beginning July 1, 2022, twenty percent of the actual gross
23 expenditures of the mental health and disability services
24 region for the fiscal year that commenced two years prior to
25 the fiscal year of application for assistance.

26 6. The board shall review the fiscal year-end financial
27 records for all mental health and disability services regions
28 that are granted risk pool assistance. If the board determines
29 a mental health and disability services region's actual need
30 for risk pool assistance was less than the amount of risk pool
31 assistance granted to the mental health and disability services
32 region, the mental health and disability services region
33 shall refund the difference between the amount of assistance
34 granted and the actual need. The mental health and disability
35 services region shall submit the refund within thirty days of

1 receiving notice from the board. Refunds shall be credited
2 to the risk pool. The mental health and disability services
3 commission shall adopt rules pursuant to chapter 17A providing
4 criteria for the purposes of this subsection and as necessary
5 to implement the other provisions of this section.

6 7. The board shall determine application requirements to
7 ensure prudent use of risk pool assistance. The board may
8 accept or reject an application for assistance in whole or in
9 part. The decision of the board is final.

10 8. The total amount of risk pool assistance shall be limited
11 to the amount available in the risk pool for a fiscal year. Any
12 unobligated balance in the risk pool at the close of a fiscal
13 year shall remain in the risk pool for distribution in the
14 succeeding fiscal year.

15 9. Risk pool assistance shall only be made available to
16 address one or more of the following circumstances:

17 a. Continuing support for mandated services.

18 b. Avoiding the need for reduction or elimination of
19 critical services when the reduction or elimination places
20 consumers' health or safety at risk.

21 c. Avoiding the need for reduction or elimination of a
22 mobile crisis team or other critical emergency services when
23 the reduction or elimination places the public's health or
24 safety at risk.

25 d. Avoiding the need for reduction or elimination of the
26 services or other support provided to entire populations of
27 consumers with disabilities.

28 e. Avoiding the need for reduction or elimination of
29 services or other support that maintain consumers in a
30 community setting or that would create a risk that the
31 consumers would be placed in more restrictive, higher cost
32 settings.

33 10. Subject to the amount available and obligated from the
34 risk pool for a fiscal year, the department of human services
35 shall annually calculate the amount of moneys due to eligible

1 mental health and disability services regions in accordance
2 with the board's decisions and that amount is appropriated from
3 the risk pool to the department for payment of the moneys due.
4 The department shall authorize the issuance of warrants payable
5 to the mental health and disability services regions for the
6 amounts due and the warrants shall be issued on or before
7 January 1.

8 11. On or before March 1 and September 1 of each fiscal
9 year, the department of human services shall provide the risk
10 pool board with a report of the financial condition of each
11 funding source administered by the board. The report shall
12 include but is not limited to an itemization of the funding
13 source's balances, types and amount of revenues credited, and
14 payees and payment amounts for the expenditures made from the
15 funding source during the reporting period.

16 12. If the board has made its decisions but has determined
17 that there are otherwise qualifying requests for risk pool
18 assistance that are beyond the amount available in the risk
19 pool fund for a fiscal year, the board shall compile a list of
20 such requests and the supporting information for the requests.
21 The list and information shall be submitted to the mental
22 health and disability services commission, the department of
23 human services, and the general assembly.

24 Sec. 26. ADJUSTMENT TO PROPERTY TAXES CERTIFIED UNDER
25 SECTION 331.424A — FY 2021-2022. If this division of this
26 Act takes effect after March 31, 2021, for each county for
27 which the amount of taxes certified for levy for the purposes
28 of section 331.424A for the fiscal year beginning July 1,
29 2021, exceeds the product of the population of the county as
30 determined under section 331.424A, subsection 1, paragraph
31 "e", multiplied by twenty-one dollars and fourteen cents,
32 the department of management shall reduce the amount of such
33 taxes certified for levy to an amount not to exceed the
34 product of the population of the county as determined under
35 section 331.424A, subsection 1, paragraph "e", multiplied by

1 twenty-one dollars and fourteen cents and shall revise the rate
2 of taxation as necessary to raise the reduced amount. The
3 department of management shall report the reduction in the
4 certified taxes and the revised rate of taxation to the county
5 auditors by June 15, 2021.

6 Sec. 27. IMPLEMENTATION OF RISK POOL UNDER SECTION 426B.6
7 — EMERGENCY RULEMAKING.

8 1. In order to timely implement the provisions of this
9 division of this Act establishing the risk pool for mental
10 health and disability services regions for the fiscal year
11 beginning July 1, 2021, and the fiscal year beginning July
12 1, 2022, the director of human services shall, subject to
13 the membership requirements of section 426B.6, subsection 3,
14 appoint temporary members of the risk pool board to review
15 and approve risk pool assistance applications and establish
16 alternative application deadlines and expedited application
17 review and approval timelines.

18 2. The department of human services may adopt
19 administrative rules under section 17A.4, subsection 3, and
20 section 17A.5, subsection 2, paragraph "b", to implement
21 provisions of this division of this Act and the rules shall
22 become effective immediately upon filing or on a later
23 effective date specified in the rules, unless the effective
24 date of the rules is delayed or the applicability of the rules
25 is suspended by the administrative rules review committee. Any
26 rules adopted in accordance with this section shall not take
27 effect before the rules are reviewed by the administrative
28 rules review committee. The delay authority provided to the
29 administrative rules review committee under section 17A.8,
30 subsection 9, shall be applicable to a delay imposed under this
31 section, notwithstanding a provision in that section making it
32 inapplicable to section 17A.5, subsection 2, paragraph "b".
33 Any rules adopted in accordance with the provisions of this
34 section shall also be published as a notice of intended action
35 as provided in section 17A.4.

1 Sec. 28. EFFECTIVE DATE. Except as provided in this
2 division of this Act, this division of this Act, being deemed
3 of immediate importance, takes effect upon enactment.

4 Sec. 29. EFFECTIVE DATE. The following take effect July 1,
5 2022:

6 1. The section of this division of this Act amending section
7 331.432, subsection 3.

8 2. The section of this division of this Act amending section
9 347.7, subsection 1, paragraph "c".

10 DIVISION II

11 COMMERCIAL AND INDUSTRIAL PROPERTY TAX REPLACEMENT PAYMENTS

12 Sec. 30. Section 2.48, subsection 3, paragraph f,
13 subparagraph (6), Code 2021, is amended by striking the
14 subparagraph.

15 Sec. 31. Section 331.512, subsection 15, Code 2021, is
16 amended by striking the subsection.

17 Sec. 32. Section 331.559, subsection 27, Code 2021, is
18 amended by striking the subsection.

19 Sec. 33. Section 441.21A, subsection 1, paragraph a, Code
20 2021, is amended to read as follows:

21 a. For each fiscal year beginning on or after July 1, 2014,
22 but before July 1, 2027, there is appropriated from the general
23 fund of the state to the department of revenue an amount
24 necessary for the payment of all commercial and industrial
25 property tax replacement claims under this section for the
26 fiscal year. However, for a the fiscal year years beginning
27 on or after July 1, 2017, July 1, 2018, July 1, 2019, July 1,
28 2020, and July 1, 2021, the total amount of moneys appropriated
29 from the general fund of the state to the department of revenue
30 for the payment of commercial and industrial property tax
31 replacement claims in ~~that~~ each fiscal year shall not exceed
32 the total amount of money necessary to pay all commercial and
33 industrial property tax replacement claims for the fiscal year
34 beginning July 1, 2016.

35 Sec. 34. Section 441.21A, subsections 2 and 3, Code 2021,

1 are amended to read as follows:

2 2. a. ~~Beginning with the~~ For each fiscal year beginning
 3 on or after July 1, 2014, but before July 1, 2022, each county
 4 treasurer shall be paid by the department of revenue an
 5 amount equal to the amount of the commercial and industrial
 6 property tax replacement claims in the county, as calculated
 7 in subsection 4. If an amount appropriated for a the fiscal
 8 year beginning on July 1, 2017, July 1, 2018, July 1, 2019,
 9 July 1, 2020, or July 1, 2021, is insufficient to pay all
 10 replacement claims for the fiscal year, the director of revenue
 11 shall prorate the payment of replacement claims to the county
 12 treasurers and shall notify the county auditors of the pro rata
 13 percentage on or before September 30.

14 b. For each fiscal year beginning on or after July 1, 2022,
 15 but before July 1, 2027, each taxing authority shall be paid by
 16 the department of revenue an amount equal to the amount of the
 17 commercial and industrial property tax replacement claim for
 18 the taxing authority, as calculated in subsection 4A.

19 3. a. On or before July 1 of each fiscal year beginning on
 20 or after July 1, 2014, but before July 1, 2022, the assessor
 21 shall report to the county auditor the total actual value of
 22 all commercial property and industrial property in the county
 23 that is subject to assessment and taxation for the assessment
 24 year used to calculate the taxes due and payable in that fiscal
 25 year.

26 b. On or before July 1, 2022, the department of revenue, in
 27 consultation with the department of management, shall calculate
 28 for each taxing authority in this state that is a city or a
 29 county all of the following:

30 (1) The total assessed value as of January 1, 2012, of
 31 all taxable property located in the taxing authority that is
 32 subject to assessment and taxation used to calculate taxes
 33 which are due and payable in the fiscal year beginning July 1,
 34 2013, excluding property subject to the statewide property tax
 35 imposed under section 437A.18 or 437B.14.

1 (2) The total assessed value as of January 1, 2019, of
 2 all taxable property located in the taxing authority that is
 3 subject to assessment and taxation used to calculate taxes
 4 which are due and payable in the fiscal year beginning July 1,
 5 2020, excluding property subject to the statewide property tax
 6 imposed under section 437A.18 or 437B.14.

7 Sec. 35. Section 441.21A, subsection 4, unnumbered
 8 paragraph 1, Code 2021, is amended to read as follows:

9 On or before a date established by rule of the department
 10 of revenue of each fiscal year beginning on or after July
 11 1, 2014, but before July 1, 2022, the county auditor shall
 12 prepare a statement, based upon the report received pursuant to
 13 subsection 3, paragraph "a", listing for each taxing district
 14 in the county:

15 Sec. 36. Section 441.21A, Code 2021, is amended by adding
 16 the following new subsection:

17 NEW SUBSECTION. 4A. *a.* As used in this subsection, unless
 18 the context clearly requires otherwise:

19 (1) *"Qualified taxing authority"* means any of the following:

20 (a) A taxing authority that is not a city or a county.

21 (b) A taxing authority that is a city or county for which
 22 the amount determined under subsection 3, paragraph "b",
 23 subparagraph (2), is less than one hundred thirty-one and
 24 fourteen hundredths percent of the amount determined under
 25 subsection 3, paragraph "b", subparagraph (1).

26 (2) *"Taxing authority"* means a city, county, community
 27 college, or other governmental entity or political subdivision
 28 in this state authorized to certify a levy on property located
 29 within such authority, but does not include a school district.

30 *b.* For fiscal years beginning on or after July 1, 2022,
 31 but before July 1, 2027, the amount of each taxing authority's
 32 replacement claim is as follows:

33 (1) If the taxing authority is a qualified taxing authority:

34 (a) For the fiscal year beginning July 1, 2022, five-sixths
 35 of the amount received by the taxing authority under this

1 section for the fiscal year beginning July 1, 2021.

2 (b) For the fiscal year beginning July 1, 2023, four-sixths
3 of the amount received by the taxing authority under this
4 section for the fiscal year beginning July 1, 2021.

5 (c) For the fiscal year beginning July 1, 2024, three-sixths
6 of the amount received by the taxing authority under this
7 section for the fiscal year beginning July 1, 2021.

8 (d) For the fiscal year beginning July 1, 2025, two-sixths
9 of the amount received by the taxing authority under this
10 section for the fiscal year beginning July 1, 2021.

11 (e) For the fiscal year beginning July 1, 2026, one-sixth of
12 the amount received by the taxing authority under this section
13 for the fiscal year beginning July 1, 2021.

14 (2) If the taxing authority is not a qualified taxing
15 authority:

16 (a) For the fiscal year beginning July 1, 2022,
17 three-fourths of the amount received by the taxing authority
18 under this section for the fiscal year beginning July 1, 2021.

19 (b) For the fiscal year beginning July 1, 2023, two-fourths
20 of the amount received by the taxing authority under this
21 section for the fiscal year beginning July 1, 2021.

22 (c) For the fiscal year beginning July 1, 2024, one-fourth
23 of the amount received by the taxing authority under this
24 section for the fiscal year beginning July 1, 2021.

25 (d) For the fiscal year beginning July 1, 2025, and each
26 succeeding fiscal year beginning before July 1, 2027, zero.

27 (3) The department of revenue shall consult with the
28 department of management to calculate the amount received by
29 each taxing authority in this state as the result of commercial
30 and industrial property tax replacement claims paid for the
31 fiscal year beginning July 1, 2021.

32 Sec. 37. Section 441.21A, subsection 5, Code 2021, is
33 amended to read as follows:

34 5. For purposes of computing replacement amounts under
35 this section for fiscal years beginning on or after July 1,

1 2014, but before July 1, 2022, that portion of an urban renewal
 2 area defined as the sum of the assessed valuations defined in
 3 section 403.19, subsections 1 and 2, shall be considered a
 4 taxing district.

5 Sec. 38. Section 441.21A, subsection 6, paragraph a, Code
 6 2021, is amended to read as follows:

7 a. For fiscal years beginning on or after July 1, 2014,
 8 but before July 1, 2022, the county auditor shall certify
 9 and forward one copy of the statement to the department of
 10 revenue not later than a date of each year established by the
 11 department of revenue by rule.

12 Sec. 39. Section 441.21A, subsection 6, Code 2021, is
 13 amended by adding the following new paragraph:

14 NEW PARAGRAPH. f. This subsection shall apply to the
 15 apportionment of replacement claim amounts for fiscal years
 16 beginning on or after July 1, 2014, but before July 1, 2022.

17 Sec. 40. Section 441.21A, Code 2021, is amended by adding
 18 the following new subsections:

19 NEW SUBSECTION. 7. a. For fiscal years beginning on
 20 or after July 1, 2022, but before July 1, 2027, each taxing
 21 authority's replacement claim calculated under subsection 4A
 22 shall be paid to the taxing authority in equal installments in
 23 September and March of each year.

24 b. The taxing authority's replacement claim shall be
 25 apportioned and credited by the governing body of the taxing
 26 authority among the taxing authority's tax levies in the same
 27 proportion that each property tax levy bears to the total of
 28 all property tax levies imposed by the taxing authority for the
 29 fiscal year for which the payment is received.

30 c. Of the amounts allocated and credited to each property
 31 tax levy that is subject to division under section 403.19,
 32 the total amount paid into the fund for the taxing authority
 33 as taxes by or for the taxing authority into which all other
 34 property taxes are paid and the special fund of the applicable
 35 municipality under section 403.19, subsection 2, shall be an

1 amount of the replacement claim that is proportionate to the
 2 amount of the total sum of the assessed value of the taxable
 3 commercial and industrial property in the urban renewal area as
 4 a share of total assessed value of all taxable property in the
 5 taxing authority and shall be apportioned as follows:

6 (1) To the fund for the taxing authority as taxes by or for
 7 the taxing authority into which all other property taxes are
 8 paid, an amount proportionate to the amount of actual value of
 9 the commercial and industrial property in the urban renewal
 10 area as determined in section 403.19, subsection 1, that was
 11 subtracted pursuant to section 403.20, as it bears to the
 12 total amount of actual value of the commercial and industrial
 13 property in the urban renewal area that was subtracted pursuant
 14 to section 403.20 for the assessment year for property taxes
 15 due and payable in the fiscal year for which the replacement
 16 claim is computed.

17 (2) (a) To the special fund of the applicable municipality
 18 under section 403.19, subsection 2, the remaining amount, if
 19 any.

20 (b) The amount allocated under subparagraph division (a)
 21 shall not exceed the amount equal to the amount certified to
 22 the county auditor under section 403.19 for the fiscal year in
 23 which the claim is paid, after deduction of the amount of other
 24 revenues committed for payment on that amount for the fiscal
 25 year. The amount not allocated as a result of the operation of
 26 this subparagraph division (b) shall be allocated to and paid
 27 into the fund for the taxing authority as taxes by or for the
 28 taxing authority in the manner provided in subparagraph (1).

29 NEW SUBSECTION. 8. This section is repealed July 1, 2027.

30 Sec. 41. EFFECTIVE DATE. The following take effect July 1,
 31 2027:

32 1. The section of this division of this Act amending section
 33 331.512.

34 2. The section of this division of this Act amending section
 35 331.559.

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DIVISION III

SCHOOL FOUNDATION PERCENTAGE

Sec. 42. Section 257.1, subsection 2, paragraph b, Code 2021, is amended to read as follows:

b. For the budget year commencing July 1, 1999, and for each succeeding budget year beginning before July 1, 2022, the regular program foundation base per pupil is eighty-seven and five-tenths percent of the regular program state cost per pupil. For the budget year commencing July 1, 2022, and for each succeeding budget year, the regular program foundation base per pupil is eighty-eight and four-tenths percent of the regular program state cost per pupil. For the budget year commencing July 1, 1991, and for each succeeding budget year the special education support services foundation base is seventy-nine percent of the special education support services state cost per pupil. The combined foundation base is the sum of the regular program foundation base, the special education support services foundation base, the total teacher salary supplement district cost, the total professional development supplement district cost, the total early intervention supplement district cost, the total teacher leadership supplement district cost, the total area education agency teacher salary supplement district cost, and the total area education agency professional development supplement district cost.

Sec. 43. Section 257.3, subsection 1, paragraph d, Code 2021, is amended by striking the paragraph.

Sec. 44. EFFECTIVE DATE. The section of this division of this Act amending section 257.3, subsection 1, paragraph "d", takes effect July 1, 2022.

DIVISION IV

PUBLIC EDUCATION AND RECREATION TAX LEVY

Sec. 45. Section 276.10, subsection 1, Code 2021, is amended to read as follows:

1. The board of directors of a local school district

1 may establish a community education program for schools in
 2 the district and provide for the general supervision of the
 3 program. Financial support for the program ~~shall~~ may be
 4 provided from funds ~~raised pursuant to chapter 300~~ received by
 5 the school district under chapter 423F and from any private
 6 funds and any federal funds made available for the purpose of
 7 implementing this chapter. The program which recognizes that
 8 the schools belong to the people and which shall be centered
 9 in the schools may include but shall not be limited to the use
 10 of the school facilities day and night, year round including
 11 weekends and regular school vacation periods for educational,
 12 recreational, cultural, and other community services and
 13 programs for all age, ethnic, and socioeconomic groups residing
 14 in the community.

15 Sec. 46. Section 278.1, subsection 1, paragraph e, Code
 16 2021, is amended to read as follows:

17 e. Direct the transfer of any surplus in the debt service
 18 fund, physical plant and equipment levy fund, or other capital
 19 ~~project funds, or public education and recreation levy fund~~ to
 20 the general fund.

21 Sec. 47. Section 298A.6, Code 2021, is amended to read as
 22 follows:

23 **298A.6 Public education and recreation levy fund.**

24 The public education and recreation levy fund is a special
 25 revenue fund. A public education and recreation levy fund
 26 must be established in any school corporation which ~~levies~~
 27 levied the tax authorized under section 300.2, Code 2021, or
 28 which ~~receives~~ received revenue from a chapter 28E agreement
 29 authorized under section 300.1, Code 2021. Moneys available in
 30 the fund at the conclusion of the fiscal year beginning July 1,
 31 2021, and ending June 30, 2022, shall be expended by the school
 32 corporation for the purposes authorized under chapter 300, Code
 33 2021.

34 Sec. 48. Section 423F.3, subsection 1, paragraph c, Code
 35 2021, is amended by striking the paragraph.

1 credit fund, an amount sufficient to implement this ~~chapter~~
2 subchapter.

3 Sec. 56. Section 425.17, subsection 2, Code 2021, is amended
4 to read as follows:

5 2. a. "*Claimant*" means ~~either~~ any of the following:

6 (1) A person filing a claim for credit ~~or reimbursement~~
7 under this subchapter who has attained the age of sixty-five
8 years but who has not attained the age of seventy years on
9 or before December 31 of the base year or, a person filing a
10 claim for credit or reimbursement under this subchapter who
11 is totally disabled and was totally disabled on or before
12 December 31 of the base year, or a person filing a claim for
13 reimbursement under this subchapter who has attained the age of
14 sixty-five years on or before December 31 of the base year and
15 who is domiciled in this state at the time the claim is filed or
16 at the time of the person's death in the case of a claim filed
17 by the executor or administrator of the claimant's estate.

18 (2) A person filing a claim for credit or reimbursement
19 under this subchapter who has attained the age of twenty-three
20 years on or before December 31 of the base year or was a head
21 of household on December 31 of the base year, as defined in
22 the Internal Revenue Code, but has not attained the age or
23 disability status described in ~~this paragraph "a",~~ subparagraph
24 (1) or the age status and eligibility criteria of subparagraph
25 (3), and is domiciled in this state at the time the claim is
26 filed or at the time of the person's death in the case of a
27 claim filed by the executor or administrator of the claimant's
28 estate, and was not claimed as a dependent on any other
29 person's tax return for the base year.

30 (3) A person filing a claim for credit under this subchapter
31 who has attained the age of seventy years on or before December
32 31 of the base year, who has a household income of less than
33 two hundred fifty percent of the federal poverty level, as
34 defined by the most recently revised poverty income guidelines
35 published by the United States department of health and human

1 services, and is domiciled in this state at the time the claim
 2 is filed or at the time of the person's death in the case of a
 3 claim filed by the executor or administrator of the claimant's
 4 estate.

5 *b. "Claimant" under paragraph "a", ~~subparagraph (1) or (2),~~*
 6 includes a vendee in possession under a contract for deed and
 7 may include one or more joint tenants or tenants in common.
 8 In the case of a claim for rent constituting property taxes
 9 paid, the claimant shall have rented the property during any
 10 part of the base year. In the case of a claim for property
 11 taxes due, the claimant shall have occupied the property during
 12 any part of the fiscal year beginning July 1 of the base year.
 13 If a homestead is occupied by two or more persons, and more
 14 than one person is able to qualify as a claimant, the persons
 15 may each file a claim based upon each person's income and rent
 16 constituting property taxes paid or property taxes due.

17 Sec. 57. Section 425.23, subsection 1, paragraph a,
 18 unnumbered paragraph 1, Code 2021, is amended to read as
 19 follows:

20 The tentative credit or reimbursement for a claimant
 21 described in [section 425.17, subsection 2](#), paragraph "a",
 22 ~~subparagraphs subparagraph (1) and (2), if no appropriation is~~
 23 ~~made to the fund created in [section 425.40](#)~~ shall be determined
 24 in accordance with the following schedule:

25 Sec. 58. Section 425.23, subsection 1, Code 2021, is amended
 26 by adding the following new paragraph:

27 NEW PARAGRAPH. *c.* The tentative credit for a claimant
 28 described in [section 425.17, subsection 2](#), paragraph "a",
 29 subparagraph (3), shall be the greater of the following:

30 (1) The amount of the credit under the schedule specified
 31 in paragraph "a" of this subsection as if the claimant was a
 32 claimant as defined in [section 425.17, subsection 2](#), paragraph
 33 "a", subparagraph (1), filing for a credit under paragraph "a"
 34 of this subsection.

35 (2) The difference between the actual amount of property

1 taxes due on the homestead during the fiscal year next
 2 following the base year minus the actual amount of property
 3 taxes due on the homestead during the first fiscal year for
 4 which the claimant filed a claim for a credit calculated under
 5 this paragraph "c" and for which the property taxes due on the
 6 homestead were calculated on an assessed valuation that was
 7 not a partial assessment and if the claimant has filed for the
 8 credit calculated under this paragraph "c" for each of the
 9 subsequent fiscal years after the first credit claimed.

10 Sec. 59. Section 425.23, subsection 4, paragraph a, Code
 11 2021, is amended to read as follows:

12 a. For the base year beginning in the 1999 calendar year
 13 and for each subsequent base year, the dollar amounts set
 14 forth in ~~subsections~~ subsection 1, paragraphs "a" and "b", and
 15 subsection 3 shall be multiplied by the cumulative adjustment
 16 factor for that base year. "*Cumulative adjustment factor*" means
 17 the product of the annual adjustment factor for the 1998 base
 18 year and all annual adjustment factors for subsequent base
 19 years. The cumulative adjustment factor applies to the base
 20 year beginning in the calendar year for which the latest annual
 21 adjustment factor has been determined.

22 Sec. 60. Section 425.24, Code 2021, is amended to read as
 23 follows:

24 **425.24 Maximum property tax for purpose of credit or**
 25 **reimbursement.**

26 ~~In~~ For claimants under section 425.17, subsection 2,
 27 paragraph "a", subparagraphs (1) and (2), and for the
 28 calculation under section 425.23, subsection 1, paragraph "c",
 29 subparagraph (1), in any case in which property taxes due or
 30 rent constituting property taxes paid for any household exceeds
 31 one thousand dollars, the amount of property taxes due or rent
 32 constituting property taxes paid shall be deemed to have been
 33 one thousand dollars for purposes of this subchapter.

34 Sec. 61. Section 425.39, Code 2021, is amended to read as
 35 follows:

1 **425.39 Fund created — appropriation — priority.**

2 1. The elderly and disabled property tax credit and
 3 reimbursement fund is created. There is appropriated annually
 4 from the general fund of the state to the department of revenue
 5 to be credited to the elderly and disabled property tax credit
 6 and reimbursement fund, from funds not otherwise appropriated,
 7 an amount sufficient to implement **this subchapter** for claimants
 8 described in **section 425.17, subsection 2**, paragraph "a",
 9 ~~subparagraph~~ subparagraphs (1) and (3), subject to subsection
 10 2.

11 2. Regardless of the amount of the credit determined under
 12 section 425.23, subsection 1, paragraph "c", the amount paid by
 13 the director of revenue to each county treasurer for credits
 14 for claimants described under section 425.17, subsection 2,
 15 paragraph "a", subparagraph (3), shall not exceed the amount
 16 calculated for the claimant under section 425.23, subsection 1,
 17 paragraph "c", subparagraph (1), and section 25B.7, subsection
 18 1, shall not apply to the amount of the credit in excess of the
 19 amount paid by the director of revenue.

20 Sec. 62. APPLICABILITY. This division of this Act applies
 21 to claims under chapter 425, subchapter II, filed on or after
 22 January 1, 2022.

23 DIVISION VI

24 FUTURE TAX CHANGES

25 Sec. 63. 2018 Iowa Acts, chapter 1161, section 133, is
 26 amended by striking the section and inserting in lieu thereof
 27 the following:

28 SEC. 133. EFFECTIVE DATE. This division of this Act takes
 29 effect January 1, 2023.

30 DIVISION VII

31 CHARITABLE CONSERVATION CONTRIBUTION TAX CREDIT

32 Sec. 64. Section 2.48, subsection 3, paragraph e,
 33 subparagraph (6), Code 2021, is amended by striking the
 34 subparagraph.

35 Sec. 65. Section 422.33, subsection 25, Code 2021, is

1 amended by striking the subsection.

2 Sec. 66. REPEAL. Section 422.11W, Code 2021, is repealed.

3 Sec. 67. APPLICABILITY. This division of this Act applies
4 to conveyances made on or after July 1, 2021.

5 DIVISION VIII

6 FOREST RESERVATIONS

7 Sec. 68. Section 427C.1, Code 2021, is amended to read as
8 follows:

9 **427C.1 Tax exemption.**

10 1. Any person who establishes a forest or The owner of a
11 fruit-tree reservation as provided in this chapter shall be
12 entitled to the tax exemption provided by law.

13 2. a. The owner of a forest reservation as provided in this
14 chapter shall be entitled to the tax exemption provided by law
15 for assessment years beginning on or after January 1, 2022,
16 if, subject to the schedule for reapplication adopted under
17 subsection 3, the owner is actively engaged in the operation or
18 management of the forest reservation.

19 b. The natural resource commission shall adopt rules
20 pursuant to chapter 17A to interpret the requirement of
21 paragraph "a" that the owner of a forest reservation be
22 actively engaged in the operation or management of the forest
23 reservation, including but not limited to standards for
24 wildlife control practices, invasive species control measures,
25 conservation measures, and forest practices. The minimum
26 requirements for being considered actively engaged in the
27 operation or management of the forest reservation established
28 by the natural resource commission shall be based on the
29 conservation goals for the property as stated by the owner
30 in the exemption application, the use of the property by the
31 owner, and the characteristics of the property, including the
32 pervasiveness of wildlife populations and invasive species
33 populations on the property and the impact of such populations
34 on the forest reservation and surrounding properties.

35 c. (1) For each forest reservation application filed after

1 February 1, 2021, but on or before February 1, 2022, the owner
2 must file by February 1, 2022, with the department of natural
3 resources, evidence that the owner meets the requirement for
4 active engagement in the operation or management of the forest
5 reservation.

6 (2) The department of natural resources shall prepare and
7 make available a form to assist owners in complying with the
8 requirement of subparagraph (1).

9 3. The department of revenue, in consultation with the
10 department of natural resources, shall by rule establish five
11 regions within the state. Forest reservation exemptions
12 for which the application was filed on or before February
13 1, 2021, shall terminate as provided in this subsection
14 and the owners of such forest reservations must reapply for
15 the exemption under this chapter. In order to efficiently
16 process applications, the five regions shall be established
17 to include approximately an equal number of acres of forest
18 reservations in each region. For forest reservations subject
19 to this subsection, the requirement for the owner to be
20 actively engaged in the operation or management of the forest
21 reservation shall not apply until the owner reapplies for the
22 forest reservation exemption.

23 a. Exemptions for forest reservations in the first region
24 shall end at the conclusion of the assessment year beginning
25 January 1, 2021, and in order to continue receiving the
26 exemption for the five-year period specified in section 427C.3,
27 beginning with the assessment year beginning January 1, 2022,
28 each owner must reapply on or before February 1, 2022.

29 b. Exemptions for forest reservations in the second region
30 shall end at the conclusion of the assessment year beginning
31 January 1, 2022, and in order to continue receiving the
32 exemption for the five-year period specified in section 427C.3,
33 beginning with the assessment year beginning January 1, 2023,
34 each owner must reapply on or before February 1, 2023.

35 c. Exemptions for forest reservations in the third region

1 shall end at the conclusion of the assessment year beginning
 2 January 1, 2023, and in order to continue receiving the
 3 exemption for the five-year period specified in section 427C.3,
 4 beginning with the assessment year beginning January 1, 2024,
 5 each owner must reapply on or before February 1, 2024.

6 d. Exemptions for forest reservations in the fourth region
 7 shall end at the conclusion of the assessment year beginning
 8 January 1, 2024, and in order to continue receiving the
 9 exemption for the five-year period specified in section 427C.3,
 10 beginning with the assessment year beginning January 1, 2025,
 11 each owner must reapply on or before February 1, 2025.

12 e. Exemptions for forest reservations in the fifth region
 13 shall end at the conclusion of the assessment year beginning
 14 January 1, 2025, and in order to continue receiving the
 15 exemption for the five-year period specified in section 427C.3,
 16 beginning with the assessment year beginning January 1, 2026,
 17 each owner must reapply on or before February 1, 2026.

18 Sec. 69. Section 427C.3, Code 2021, is amended to read as
 19 follows:

20 **427C.3 Forest reservation — duration of exemption.**

21 1. A forest reservation shall contain not less than two
 22 hundred growing forest trees on each acre. If the area
 23 selected is a forest containing the required number of growing
 24 forest trees, it shall be accepted as a forest reservation
 25 under [this chapter](#) for a period of five years provided
 26 application is made or on file on or before February 1 of the
 27 exemption year. If any buildings are standing on an area
 28 selected as a forest reservation under [this section](#) or a
 29 ~~fruit-tree reservation under [section 427C.7](#)~~, one acre of that
 30 area shall be excluded from the tax exemption. However, the
 31 exclusion of that acre shall not affect the area's meeting the
 32 acreage requirement of [section 427C.2](#).

33 2. For forest reservation exemption applications filed on
 34 or after February 2, 2021, but on or before February 1, 2022,
 35 the five-year period provided under subsection 1 begins with

1 the assessment year beginning January 1, 2022, unless the owner
 2 fails to satisfy the requirement of section 427C.1, subsection
 3 2, paragraph "c".

4 Sec. 70. Section 427C.7, Code 2021, is amended to read as
 5 follows:

6 **427C.7 Fruit-tree reservation — duration of exemption.**

7 A fruit-tree reservation shall contain on each acre,
 8 at least forty apple trees, or seventy other fruit trees,
 9 growing under proper care and annually pruned and sprayed.
 10 A reservation may be claimed as a fruit-tree reservation,
 11 under this chapter, for a period of eight years after planting
 12 provided application is made or on file on or before February
 13 1 of the exemption year. If any buildings are standing on an
 14 area selected as a fruit-tree reservation under this section,
 15 one acre of that area shall be excluded from the tax exemption.
 16 However, the exclusion of that acre shall not affect the area's
 17 meeting the acreage requirement of section 427C.2.

18 Sec. 71. Section 427C.10, Code 2021, is amended to read as
 19 follows:

20 **427C.10 Restraint of livestock and limitation on use.**

21 1. Cattle, horses, mules, sheep, goats, ostriches, rheas,
 22 emus, and swine shall not be permitted upon a ~~fruit-tree or~~
 23 ~~forest~~ forest or fruit-tree reservation.

24 2. a. ~~Fruit-tree and forest~~ Forest and fruit-tree
 25 reservations shall not be used for economic gain other than the
 26 gain from raising fruit or forest trees.

27 b. The prohibition under paragraph "a" includes but is not
 28 limited to leases or charges for persons who enter or go on the
 29 reservation for the recreational use thereof or for hunting.

30 Sec. 72. Section 427C.12, Code 2021, is amended to read as
 31 follows:

32 **427C.12 Application — inspection — continuation of**
 33 **exemption — recapture of tax.**

34 1. It shall be the duty of the assessor to secure the facts
 35 relative to fruit-tree and forest reservations by taking the

1 sworn statement, or affirmation, of the owner or owners making
 2 application under this chapter; and to make special report to
 3 the county auditor of all reservations made in the county under
 4 the provisions of this chapter.

5 2. a. The board of supervisors shall designate the county
 6 conservation board or the assessor who shall inspect the area
 7 for which an application is filed for a fruit-tree ~~or forest~~
 8 reservation tax exemption before the application is accepted.

9 b. The department of natural resources shall review the
 10 application for a forest reservation tax exemption before the
 11 application is accepted.

12 c. ~~Use of~~ The department of natural resources shall use
 13 aerial photographs may be substituted for on-site inspection
 14 when appropriate provided by the county assessor to determine
 15 if the application meets the criteria established by the
 16 natural resource commission to be a forest reservation.

17 3. ~~The application can only be accepted if it meets the~~
 18 ~~criteria established by the natural resource commission to~~
 19 ~~be a fruit-tree or forest reservation~~ department of natural
 20 resources may conduct an on-site review if necessary to verify
 21 the eligibility of a forest reservation application.

22 4. Once the application has been accepted, the area shall
 23 continue to receive the tax exemption during each year of the
 24 applicable exemption period under section 427C.3 or 427C.7
 25 in which the area is maintained as a fruit-tree ~~or forest~~ or
 26 fruit-tree reservation without the owner having to refile. If
 27 the property is sold or transferred, the seller shall notify
 28 the buyer that all, or part of, the property is in fruit-tree
 29 or forest reservation and subject to the recapture tax
 30 provisions of this section. The tax exemption shall continue
 31 to be granted for the remainder of the eight-year exemption
 32 period for fruit-tree reservation and for the following years
 33 for forest reservation under section 427C.3 or 427C.7, or until
 34 the property no longer qualifies as a fruit-tree ~~or forest~~ or
 35 fruit-tree reservation.

1 5. a. The An area that is a fruit-tree reservation may
2 be inspected each year by the county conservation board or
3 the assessor to determine if the area is maintained as a
4 fruit-tree ~~or forest~~ reservation. An area that is a forest
5 reservation may be inspected each year by the department of
6 natural resources to determine if the area is maintained as
7 forest reservation. If the area is not maintained or is used
8 for economic gain other than as a fruit-tree reservation during
9 any year of the ~~eight-year~~ exemption period and any year of
10 the ~~following~~ five years following the exemption period, if
11 the property is no longer receiving an exemption under this
12 chapter, or as a forest reservation during any year ~~for which~~
13 ~~of the exemption is granted~~ period and any of the five years
14 following ~~those exemption years~~ the exemption period, if
15 the property is no longer receiving an exemption under this
16 chapter, the assessor shall assess the property for taxation
17 at its fair market value as of January 1 of that year and
18 in addition the area shall be subject to a recapture tax.
19 However, the area shall not be subject to the recapture tax if
20 the owner, including one possessing under a contract of sale,
21 and the owner's direct antecedents or descendants have owned
22 the area for more than ten years.

23 b. The recapture tax shall be computed by multiplying the
24 consolidated levy for each of those years, if any, of the five
25 preceding years for which the area received the exemption for
26 fruit-tree or forest reservation times the assessed value of
27 the area that would have been taxed but for the tax exemption.
28 This tax shall be entered against the property on the tax list
29 for the current year and shall constitute a lien against the
30 property in the same manner as a lien for property taxes. The
31 tax when collected shall be apportioned in the manner provided
32 for the apportionment of the property taxes for the applicable
33 tax year.

34 6. Upon expiration of the applicable exemption period, the
35 owner of a forest or fruit-tree reservation may reapply for

1 an exemption under this chapter if the property meets all the
2 criteria for the exemption under this chapter.

3 Sec. 73. Section 441.22, Code 2021, is amended to read as
4 follows:

5 **441.22 Forest and fruit-tree reservations.**

6 Forest and fruit-tree reservations fulfilling the conditions
7 of ~~sections 427C.1 to 427C.13~~ chapter 427C shall be exempt from
8 taxation to the extent authorized in that chapter. In all
9 other cases where trees are planted upon any tract of land,
10 without regard to area, for forest, fruit, shade, or ornamental
11 purposes, or for windbreaks, the assessor shall not increase
12 the valuation of the property because of such improvements.

13 Sec. 74. SAVINGS PROVISION. This division of this Act,
14 pursuant to section 4.13, does not affect the operation of,
15 or prohibit the application of, prior provisions of chapter
16 427C or section 441.22, or rules adopted under chapter 17A to
17 administer prior provisions of chapter 427C or section 441.22,
18 for assessment years beginning before January 1, 2022, and for
19 duties, powers, protests, appeals, proceedings, actions, or
20 remedies attributable to an assessment year beginning before
21 January 1, 2022.

22 Sec. 75. EFFECTIVE DATE. This division of this Act, being
23 deemed of immediate importance, takes effect upon enactment.

24 Sec. 76. APPLICABILITY. This division of this Act applies
25 to assessment years beginning on or after January 1, 2022.

26 EXPLANATION

27 The inclusion of this explanation does not constitute agreement with
28 the explanation's substance by the members of the general assembly.

29 This bill relates to state and local government financing,
30 programs, and operations by modifying provisions relating to
31 school district funding, mental health and disability services
32 funding, commercial and industrial property tax replacement
33 payments, and other specified tax provisions.

34 DIVISION I — MENTAL HEALTH FUNDING. Division I of the bill
35 relates to mental health and disability services funding.

1 The bill creates a mental health and disability services
2 regional supplement fund under the authority of the department
3 of human services. For each fiscal year beginning on or after
4 July 1, 2021, the bill appropriates from the general fund of
5 the state to the mental health and disability services regional
6 supplement fund an amount necessary to make all regional
7 supplement payments for that fiscal year. The moneys available
8 in a fiscal year in the mental health and disability services
9 state supplement fund are appropriated to the department of
10 human services for distribution to each mental health and
11 disability services region on a per capita basis calculated
12 using each region's population for that fiscal year. The
13 amount of each region's regional supplement payment is as
14 follows: (1) for the fiscal year beginning July 1, 2021, an
15 amount equal to the product of \$15.86 multiplied by the sum of
16 the region's population for the fiscal year; (2) for the fiscal
17 year beginning July 1, 2022, an amount equal to the product of
18 \$38 multiplied by the sum of the region's population for the
19 fiscal year; (3) for the fiscal year beginning July 1, 2023,
20 an amount equal to the product of \$40 multiplied by the sum of
21 the region's population for the fiscal year; (4) for the fiscal
22 year beginning July 1, 2024, an amount equal to the product of
23 \$42 multiplied by the sum of the region's population for the
24 fiscal year; and (5) for each fiscal year beginning on or after
25 July 1, 2025, an amount equal to the product of the sum of the
26 region's population for the fiscal year multiplied by the sum
27 of the dollar amount used to calculate the regional supplement
28 payments for the immediately preceding fiscal year plus the
29 regional supplement growth factor for the fiscal year. The
30 bill defines "regional supplement growth factor" for a fiscal
31 year to be an amount equal to the product of the dollar amount
32 used to calculate the regional supplement payments for the
33 immediately preceding fiscal year multiplied by the percent
34 increase, if any, in the amount of sales tax revenue deposited
35 into the general fund of the state between the fiscal year

1 beginning three years prior to the applicable fiscal year and
2 the fiscal year beginning two years prior to the applicable
3 year, but not to exceed 1.5 percent.

4 Regional supplement payments received by a region are
5 paid in quarterly installments and shall be deposited in the
6 region's combined account under Code section 331.391 and used
7 solely for providing mental health and disability services
8 under the regional service system management plan.

9 Under the bill, for the fiscal years beginning July 1, 2021,
10 and July 1, 2022, each mental health and disability services
11 region for which the region's cash flow amount certified
12 during the fiscal year exceeds a specified percentage of the
13 proposed gross expenditures of the region for the fiscal year,
14 the remaining quarterly payments of the region's regional
15 supplement payment are reduced by an amount equal to the amount
16 by which the region's cash flow amount certified exceeds the
17 specified percentage of the proposed gross expenditures of the
18 region for the fiscal year, but the reduction amount shall not
19 exceed the total amount of the region's regional supplement
20 payment for the fiscal year. If the region's remaining
21 quarterly payments are insufficient to effectuate the required
22 reductions, the region is required to pay to the department of
23 human services any amount for which the reduction in quarterly
24 payments could not be made.

25 For the fiscal year beginning July 1, 2023, and each
26 succeeding fiscal year, each mental health and disability
27 services region for which a cash flow amount is certified
28 during the fiscal year, the remaining quarterly payments of the
29 region's regional supplement payment shall be reduced by an
30 amount equal to the amount certified, but the reduction amount
31 shall not exceed the total amount of the region's regional
32 supplement payment for the fiscal year. If the region's
33 remaining quarterly payments are insufficient to effectuate
34 the required reductions, the region is required to pay to the
35 department of human services any amount for which the reduction

1 in quarterly payments could not be made.

2 The amount of reductions to quarterly payments and amounts
3 paid to the department of human services as the result of a
4 region's certified cash flow amounts shall be transferred and
5 credited to the risk pool created in the bill under new Code
6 section 426B.6.

7 The bill also establishes a risk pool in the property tax
8 relief fund under Code section 426B.1 to provide additional
9 funding to mental health and disability services regions
10 meeting certain eligibility criteria. The risk pool consists
11 of moneys appropriated or credited to the risk pool by law.
12 The bill appropriates \$9,960,590 from the general fund of the
13 state to the risk pool for the fiscal year beginning July 1,
14 2021. The bill appropriates \$5,107,340 from the general fund
15 of the state to the risk pool for the fiscal year beginning
16 July 1, 2022. For each fiscal year beginning on or after July
17 1, 2025, the bill appropriates an amount equal to the risk pool
18 growth factor multiplied by the ending balance of the risk pool
19 at the conclusion of a specified fiscal year. The "risk pool
20 growth factor" for each fiscal year is the percent increase,
21 if any, in the amount of sales tax revenue deposited into the
22 general fund of the state between the fiscal year beginning
23 three years prior to the applicable fiscal year and the fiscal
24 year beginning two years prior to the applicable year, minus
25 1.5 percent. The risk pool growth factor for any fiscal year
26 may not exceed 3.5 percent.

27 The bill establishes the composition of the risk pool board
28 created in the bill. Members shall serve for three-year
29 terms. Staff assistance to the board shall be provided by the
30 department of human services.

31 A regional administrator must apply to the risk pool board
32 for assistance from the risk pool on or before October 31.
33 The purpose of the assistance shall be to provide financial
34 support for services provided by the regional administrator's
35 mental health and disability services region. The board is

1 required to determine application requirements to ensure
2 prudent use of risk pool assistance. The board may accept or
3 reject an application for assistance in whole or in part. The
4 decision of the board is final. The total amount of risk pool
5 assistance shall be limited to the amount available in the risk
6 pool for a fiscal year. Any unobligated balance in the risk
7 pool at the close of a fiscal year shall remain in the risk pool
8 for distribution in the succeeding fiscal year.

9 Risk pool assistance shall only be made available to
10 address one or more of the following circumstances: (1)
11 continuing support for mandated services; (2) avoiding the need
12 for reduction or elimination of critical services when the
13 reduction or elimination places consumers' health or safety
14 at risk; (3) avoiding the need for reduction or elimination
15 of a mobile crisis team or other critical emergency services
16 when the reduction or elimination places the public's health
17 or safety at risk; (4) avoiding the need for reduction or
18 elimination of the services or other support provided to entire
19 populations of consumers with disabilities; and (5) avoiding
20 the need for reduction or elimination of services or other
21 support that maintain consumers in a community setting or that
22 would create a risk that the consumers would be placed in more
23 restrictive, higher cost settings.

24 The risk pool board shall make its final decisions on or
25 before December 15 regarding acceptance or rejection of the
26 applications for assistance and the total amount accepted
27 shall be considered obligated. The bill establishes basic
28 eligibility for risk pool assistance, including requirements
29 that the mental health and disability services region is in
30 compliance with the regional service system management plan
31 requirements and that the region meets specified ending balance
32 thresholds for certain fiscal years. The ending balance
33 thresholds are a specified percentage of the actual gross
34 expenditures of the mental health and disability services
35 region for a specific fiscal year. The percentage for the

1 fiscal year beginning July 1, 2021, is 40 percent. The
2 percentage for the fiscal year beginning July 1, 2022, is 20
3 percent.

4 Current Code section 331.424A authorizes each county to
5 certify a property tax levy for payment of mental health and
6 disability services within the mental health and disability
7 services regional system. To coincide with the appropriation
8 and payment of mental health and disability services regional
9 supplement payments directly to the regions or to exempted
10 counties, the bill ends the authority for such a property tax
11 levy starting with the fiscal year beginning July 1, 2022.
12 Additionally, upon conclusion of the fiscal year beginning July
13 1, 2021, the county treasurer shall transfer the remaining
14 balance of the county's county services fund to the county's
15 region to which the county belongs in the fiscal year beginning
16 July 1, 2022, for deposit in the region's combined account
17 under Code section 331.391. Effective July 1, 2022, the bill
18 prohibits a county from transferring any funds of the county to
19 the combined account of a mental health and disability services
20 region.

21 If the bill takes effect after March 31, 2021, for each
22 county for which the amount of taxes certified for levy for the
23 purposes of Code section 331.424A for the fiscal year beginning
24 July 1, 2021, exceeds the product of the population of the
25 county multiplied by \$21.14, the department of management shall
26 reduce the amount of such taxes certified for levy to an amount
27 not to exceed the product of the population of the county
28 multiplied by \$21.14 and shall revise the rate of taxation
29 as necessary to raise the reduced amount. The department of
30 management is required to report the reduction in the certified
31 taxes and the revised rate of taxation to the county auditors
32 by June 15, 2021.

33 In order to timely implement the provisions of the bill
34 establishing the risk pool for mental health and disability
35 services regions for the fiscal year beginning July 1, 2021,

1 and the fiscal year beginning July 1, 2022, the director
2 of human services is required, subject to the membership
3 requirements in the bill, to appoint temporary members of the
4 risk pool board to review and approve risk pool assistance
5 applications and establish alternative application deadlines
6 and expedited application review and approval timelines.

7 The bill provides that the department of human services may
8 adopt emergency rules to implement the provisions of division
9 I of the bill.

10 Except as provided in division I of the bill, division I of
11 the bill takes effect upon enactment.

12 DIVISION II — PROPERTY TAX REPLACEMENT PAYMENTS. Current
13 Code section 441.21A establishes and appropriates amounts from
14 the general fund of the state for commercial and industrial
15 property tax replacement claims. Such claims are calculated
16 by the department of revenue based on the difference between
17 the actual value and assessed value of all commercial and
18 industrial property in each taxing district in the state.
19 Current law appropriates an amount necessary for the payment
20 of all commercial and industrial property tax replacement
21 claims for each fiscal year beginning on or after July 1,
22 2014, subject to a maximum total appropriation for fiscal
23 years beginning on or after July 1, 2017, of the total
24 amount necessary for the payment of replacement claims in the
25 fiscal year beginning July 1, 2016. The bill eliminates the
26 appropriation for fiscal years beginning on or after July 1,
27 2027, and specifies that the maximum total appropriation for
28 the fiscal years beginning on or after July 1, 2022, but before
29 July 1, 2027, shall not exceed the total amount necessary for
30 the payment of replacement claims in the fiscal year.

31 The bill modifies the methodology for calculating and
32 apportioning commercial and industrial property tax replacement
33 claims for fiscal years beginning on or after July 1, 2022,
34 but before July 1, 2027. The bill requires such claims to be
35 calculated based on and paid to taxing authorities, as defined

1 in the bill, instead of taxing districts as is required under
2 current law. The amount of each taxing authority's replacement
3 claim is determined based on specified fractions of the amount
4 received by the taxing authority under Code section 441.21A for
5 the fiscal year beginning July 1, 2021, as calculated by the
6 department of revenue in consultation with the department of
7 management, and whether the taxing authority is a qualified
8 taxing authority. The specified fractions are reduced over
9 the period of fiscal years beginning July 1, 2022, and ending
10 June 30, 2027, in the case of a qualified taxing authority, and
11 ending June 30, 2025, in the case of a taxing authority that
12 is not a qualified taxing authority. Under the bill, a taxing
13 authority that is eligible to continue to receive commercial
14 and industrial property tax replacement payments includes a
15 city, county, community college, or other governmental entity
16 or political subdivision in this state authorized to certify a
17 levy on property located within such authority, but does not
18 include a school district. A qualified taxing authority is
19 either a taxing authority that is not a city or a county or a
20 taxing authority that is a city or a county in which the total
21 assessed value as of January 1, 2019, of specified taxable
22 property located in the taxing authority is less than 131.14
23 percent of the total assessed value as of January 1, 2012, of
24 specified taxable property located in the taxing authority.

25 The bill requires each taxing authority's property tax
26 replacement claim payment for fiscal years beginning on or
27 after July 1, 2022, but before July 1, 2027, to be apportioned
28 and credited by the governing body of the taxing authority
29 among the taxing authority's tax levies in the same proportion
30 that each property tax levy bears to the total of all property
31 tax levies imposed by the taxing authority for the fiscal year
32 for which the payment is received. The bill also establishes
33 requirements for the apportionment of amounts allocated to
34 property tax levies that are subject to a division of taxes
35 under Code section 403.19 (tax increment financing).

1 Under current law, the legislative tax expenditure committee
2 established under Code section 2.48 is required to review
3 the commercial and industrial property tax replacement claim
4 expenditures. The bill eliminates that required periodic
5 review.

6 DIVISION III — SCHOOL FOUNDATION PERCENTAGE. For
7 purposes of calculating state foundation aid received by
8 school districts under Code chapter 257, the regular program
9 foundation base per pupil is 87.5 percent of the regular
10 program state cost per pupil. The bill increases that
11 percentage to 88.4 percent for school budget years beginning on
12 or after July 1, 2022.

13 The section of division III amending Code section
14 257.3(1)(d) takes effect July 1, 2022.

15 DIVISION IV — PUBLIC EDUCATION AND RECREATIONAL TAX LEVY.
16 Code chapter 300 authorizes the imposition of a voter-approved
17 property tax levy for the establishment and maintenance
18 of public recreation places and playgrounds, and necessary
19 accommodations for the recreation places and playgrounds, in
20 the public school buildings and grounds of the district. Code
21 chapter 300 also authorizes each school board to cooperate
22 with public or private agencies having custody and management
23 of public parks or buildings or grounds open to the public
24 for the supervision and instruction necessary to carry on
25 public educational and recreational activities in the parks,
26 buildings, and grounds located within the district. Such
27 activities may be supported by imposition of a voter-approved
28 property tax levy not to exceed \$0.13 and one-half cents per
29 \$1,000 of assessed value. The property tax levy under Code
30 chapter 300 also provides financial support to community
31 education programs established under Code chapter 276,
32 which provide educational, recreational, cultural, and other
33 community services and programs.

34 Division IV of the bill repeals Code chapter 300 and makes
35 corresponding amendments to other provisions of law effective

1 July 1, 2022, and applies to fiscal years beginning on or
2 after July 1, 2022. The bill provides that financial support
3 for a community education program under Code chapter 276 may
4 be provided from funds received by the school district under
5 Code chapter 423F. By operation of the definition of "school
6 infrastructure" under Code section 423F.3(6)(a)(1), moneys
7 received by a school district from the secure an advanced
8 vision for education fund may continue to be utilized for
9 activities previously provided for under Code chapter 300 and
10 Code chapter 276.

11 Division IV also provides that moneys available in the
12 public education and recreation levy fund at the conclusion
13 of the fiscal year beginning July 1, 2021, and ending June
14 30, 2022, shall be expended by the school corporation for the
15 purposes authorized under chapter 300, Code 2021.

16 DIVISION V — ELDERLY PROPERTY TAX CREDIT. Division V of the
17 bill modifies the eligibility for and the calculation of the
18 amount of the property tax credit for persons ages 70 and older
19 under Code chapter 425, subchapter II.

20 Under the bill, a person filing a claim for the property tax
21 credit who is at least 70 years of age and who has a household
22 income of less than 250 percent of the federal poverty level
23 is eligible to receive a credit against property taxes due on
24 the claimant's homestead. For such a claimant, the tentative
25 credit amount is equal to the greater of the following: (1)
26 the amount of the credit as calculated under the schedule
27 of credit amounts specified in Code section 425.23(1)(a) as
28 if the claimant was an eligible claimant for a credit under
29 that provision; and (2) the difference between the actual
30 amount of property taxes due on the homestead during the
31 applicable fiscal year minus the actual amount of property
32 taxes due on the homestead based on a full assessment during
33 the first fiscal year for which the claimant filed for a credit
34 calculated under the bill and if the claimant has filed for the
35 credit for each of the subsequent fiscal years after the first

1 credit claimed.

2 The bill also modifies the appropriation to the elderly
3 and disabled property tax credit and reimbursement fund under
4 Code section 425.39, by limiting the amount of the credit to
5 be paid by the director of revenue to each county treasurer
6 for claimants who have reached 70 years of age and specifies
7 that Code section 25B.7(1), which requires the state to fund
8 the cost of providing new property tax credits, shall not apply
9 to the amount of the credit in excess of the amount paid by the
10 director of revenue as determined in the bill.

11 Division V of the bill applies to claims under Code chapter
12 425, subchapter II, filed on or after January 1, 2022.

13 DIVISION VI — FUTURE TAX CHANGES. The bill amends 2018 Iowa
14 Acts, chapter 1161, section 133 (trigger), by striking the two
15 conditions necessary for the trigger to occur, and specifies
16 the provisions in 2018 Iowa Acts, chapter 1161, sections
17 99-132, take effect January 1, 2023.

18 Currently, the two conditions are necessary for the trigger
19 to occur include net general fund revenues for the fiscal year
20 ending June 30, 2022, equaling or exceeding \$8.3146 billion,
21 and also equaling or exceeding 104 percent of the net general
22 fund revenues for the fiscal year ending June 30, 2021. If
23 these two conditions are not satisfied, current law institutes
24 the changes for tax years beginning on or after the January 1
25 following the first fiscal year for which the two conditions
26 do occur. By striking the "trigger", the bill sets in motion
27 numerous tax changes for tax years beginning on or after
28 January 1, 2023, described below.

29 INDIVIDUAL INCOME TAX. The tax changes include reducing the
30 number of individual income tax brackets from nine to four, and
31 modifying the taxable income amounts and tax rates as follows:

	Income over:	But not over:	Tax Rate:
33 1)	\$0	\$6,000	4.40%
34 2)	\$6,000	\$30,000	4.82%
35 3)	\$30,000	\$75,000	5.70%

1 and taxable income under Iowa law, including the Iowa optional
2 standard deduction and all itemized deductions, and the ability
3 to deduct federal income taxes, except for a one-year phase
4 out in the 2023 tax year for taxes paid, or refunds received,
5 that relate to a prior year. The bill maintains the add-back
6 for income from securities that are federally exempt but not
7 state-exempt, and for bonus depreciation amounts. The bill
8 maintains the general pension exclusion and the deduction
9 for income from federal securities. The bill maintains the
10 deduction for contributions to the Iowa 529 plan, the Iowa ABLE
11 plan, a first-time homebuyer savings account, and an individual
12 development account. The bill also maintains the deductions
13 for military pension income, military active duty pay, social
14 security retirement benefits, certain payments received for
15 providing unskilled in-home health care, certain amounts
16 received from the veterans trust fund, victim compensation
17 awards, biodiesel production refunds, certain wages paid
18 to individuals with disabilities or individuals previously
19 convicted of a felony, certain organ donations, and Segal
20 AmeriCorps education award payments. The bill modifies the
21 existing deduction for health insurance payments in Code
22 section 422.7(29) to make the deduction only applicable to
23 taxpayers who are at least 65 years old and who have net
24 income below \$100,000. The bill also modifies the existing
25 capital gain deduction in Code section 422.7(21) to restrict
26 the deduction to the sale of real property used in farming
27 businesses by permitting the taxpayer to take the deduction
28 if either of the following apply: the taxpayer materially
29 participated in the farming business for at least 10 years and
30 held the real property for at least 10 years; or the taxpayer
31 sold the real property to a relative. The bill expands the
32 definition of "relative" to include an entity in which a
33 relative of the taxpayer has a legal or equitable interest in
34 the entity as an owner, member, partner, or beneficiary. The
35 bill provides a new deduction for any income of an employee

1 resulting from the payment by an employer, whether paid to
 2 the employee or a lender, of principal or interest on the
 3 employee's qualified education loan. The bill also modifies
 4 the calculation of net income for purposes of the alternate
 5 tax calculation in Code section 422.5(3) and (3B), and the tax
 6 return filing thresholds in Code section 422.13, to require
 7 that any amount of itemized deduction, standard deduction,
 8 personal exemption deduction, or qualified business income
 9 deduction that was allowed in computing federal taxable income
 10 shall be added back.

11 CORPORATE INCOME TAX AND FRANCHISE TAX CALCULATION. Under
 12 current law, the starting point for calculating the corporate
 13 income tax and franchise tax is federal taxable income before
 14 the net operating loss deduction, because net operating loss is
 15 calculated at the state level. The bill repeals the separate
 16 calculation of net operating loss at the state level. As a
 17 result, the bill requires taxpayers to add back any federal
 18 net operating loss deduction carried over from a taxable year
 19 beginning prior to the trigger year, but allows taxpayers to
 20 deduct any remaining Iowa net operating loss from a prior
 21 taxable year. The bill also repeals most Iowa-specific
 22 deductions, exemptions, and adjustments currently available
 23 when computing net income and taxable income under Iowa law.
 24 The bill maintains the add-back for income from securities
 25 that are federally exempt but not state exempt, and for bonus
 26 depreciation amounts. The bill maintains the deductions for
 27 income from federal securities, for foreign dividend and
 28 subpart F income, for certain wages paid to individuals with
 29 disabilities or individuals previously convicted of a felony,
 30 and for biodiesel production refunds.

31 DIVISION VII — CHARITABLE CONSERVATION CONTRIBUTION TAX
 32 CREDIT. Division VII of the bill repeals the charitable
 33 conservation contribution tax credit available against the
 34 individual and corporate income taxes. Currently, individual
 35 and corporate income taxes are reduced by an amount equal to 50

1 percent of the fair market value of real property located in
2 this state that is conveyed unconditionally in perpetuity by
3 the taxpayer for conservation purposes. Division VII of the
4 bill applies to such conveyances occurring on or after July 1,
5 2021.

6 DIVISION VIII — FOREST RESERVATIONS. Current Code chapter
7 427C authorizes a property tax exemption for certain forest
8 reservations and fruit-tree reservations.

9 Except as otherwise provided in the bill, the bill
10 provides that for assessment years beginning on or after
11 January 1, 2022, a forest reservation is only allowed the
12 exemption authorized under Code chapter 427C if the owner is
13 actively engaged in the operation or management of the forest
14 reservation.

15 Division VIII of the bill grants the natural resource
16 commission the authority to adopt rules to interpret the
17 provisions of the bill relating to the requirement that the
18 owner be actively engaged in the operation or management of the
19 forest reservation, including but not limited to standards for
20 wildlife control practices, invasive species control measures,
21 conservation measures, and forest practices. If interpretive
22 rulemaking authority is clearly vested in the discretion of an
23 agency by statute, the applicable judicial standard of review
24 is whether the rules constitute an irrational, illogical, or
25 wholly unjustifiable interpretation of law by the agency (Code
26 section 17A.19(10)(l)). If interpretive rulemaking authority
27 is not clearly vested in the discretion of an agency, the
28 applicable judicial standard of review is whether the rules
29 constitute an erroneous interpretation of law (Code section
30 17A.19(10)(c)).

31 For each forest reservation application filed after February
32 1, 2021, but on or before February 1, 2022, the owner must
33 file by February 1, 2022, with the department of natural
34 resources, evidence that the owner meets the requirement for
35 active engagement in the operation or management of the forest

1 reservation.

2 Under the bill, the department of revenue, in consultation
3 with the department of natural resources, is required to
4 establish by rule five regions within the state. Forest
5 reservation exemptions for which the application was filed on
6 or before February 1, 2021, shall terminate according to the
7 schedule provided in the bill for each of the five regions and
8 the owners of such forest reservations must reapply for the
9 exemption. For forest reservations subject to the termination
10 and reapplication schedule, the requirement for the owner to be
11 actively engaged in the operation or management of the forest
12 reservation shall not apply until the owner reapplies for the
13 forest reservation exemption.

14 Except for the forest reservation exemptions subject to
15 the region-based reapplication process provided for in the
16 bill, the bill limits the period of the exemption for forest
17 reservations to five years and provides that the five-year
18 exemption period for applications filed on or after February
19 2, 2021, but on or before February 1, 2022, begins with the
20 assessment year beginning January 1, 2022, unless, the owner
21 fails to satisfy the requirement in the bill to provide
22 evidence of being actively engaged in the operation or
23 management of the forest reservation.

24 The bill also specifies that upon expiration of the
25 applicable exemption period for forest reservations or
26 fruit-tree reservations under Code chapter 427C, the owner may
27 reapply for an exemption if the property meets all the criteria
28 for the exemption under the Code chapter.

29 The bill requires the department of natural resources to
30 review each application for a forest reservation tax exemption
31 before the application is accepted. The bill requires the
32 department of natural resources to use aerial photographs to
33 determine forest reservation eligibility and authorizes an
34 on-site review, if necessary. Additionally, an area that is a
35 forest reservation may be inspected each year by the department

1 of natural resources to determine if the area is maintained as
2 forest reservation.

3 The bill specifies that the prohibition on using forest
4 or fruit-tree reservations for economic gain other than the
5 gain from raising fruit or forest trees includes but is not
6 limited to leases or charges for persons who enter or go on the
7 reservation for the recreational use thereof or for hunting.

8 Division VIII of the bill does not affect the operation
9 of, or prohibit the application of, prior provisions of
10 Code chapter 427C or Code section 441.22, or rules adopted
11 to administer prior provisions of Code chapter 427C or
12 Code section 441.22, for assessment years beginning before
13 January 1, 2022, and for duties, powers, protests, appeals,
14 proceedings, actions, or remedies attributable to an assessment
15 year beginning before January 1, 2022.

16 Division VIII of the bill takes effect upon enactment and
17 applies to assessment years beginning on or after January 1,
18 2022.